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NCUA Media Release

Matz: New Office of National Examinations and Supervision Coming in 2013

NCUA Reorganization Reallocates Existing Resources to Focus on the Largest Credit Unions and Protect the Share Insurance Fund from Losses

NASHVILLE (July 26, 2012) – The National Credit Union Administration (NCUA) will change with an evolving credit union industry by creating an Office of National Examinations and Supervision, said NCUA Board Chairman Debbie Matz. Matz announced the reorganization at the National Association of Federal Credit Unions' 45th Annual Conference and Exposition here today.

"One-size-fits-all supervision is simply no longer appropriate in a credit union industry with nearly 100 million members and more than $1 trillion in assets," said Matz. "Supervising a $10 million credit union the same as a $10 billion credit union doesn't make sense. As we all know, larger risks have wider consequences. So, we are reorganizing our existing resources to create an Office of National Examinations and Supervision to enhance oversight of the nation's largest consumer credit unions—those with more than $10 billion in assets—and also assume supervision of corporate credit unions."

NCUA Putting Exam Resources Where They're Needed Most

NCUA currently spends 45 percent of examination hours on credit unions with less than $50 million in assets, yet this group holds only seven percent of overall industry assets. Meanwhile, the largest credit unions—those with more than $1 billion in assets—hold 47 percent of industry assets and receive only 10 percent of examination hours.

To address this imbalance, NCUA will concentrate more hours and more attention where more of the industry's risk is held. The reallocation of examiner resources from smaller credit unions to the largest ones means examiners will spend less time in well-performing small credit unions.

"Fewer and fewer credit unions are holding more and more total assets," added Matz. "The new office will be dedicated to the challenges of supervising the largest credit unions, promoting consistency of exam practices. In addition, this office will leverage national and regional expertise to promote high-quality evaluations of risk and risk management practices. This is not about keeping credit unions from getting too big to fail; it's about keeping them from failing."

The Office of National Examinations and Supervision will open its doors Jan. 1, 2013.

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Sensibly Reshaping Credit Union Regulations

Also during her speech, Matz listed several other areas in which NCUA plans to act on credit unions' ideas and concerns to sensibly reshape credit union regulation. In the coming months, NCUA will consider plans to:

- Broaden the definition of a "small" credit union so more credit unions can receive regulatory relief and technical assistance from NCUA.
- Expand the districts that comprise rural fields of membership.
- Approve the use of video teller machines to reach new employee groups and underserved areas.
- Allow credit unions to buy Treasury Inflation Protected Securities.
- Increase the maximum application fee for short-term small loans to be more cost-effective and permit more credit unions to offer a consumer-friendly alternative to payday loans.

"We are reshaping the regulatory environment based on the input of a world-class group of experts—you," Matz told her audience. "Our regulatory approach begins with listening, and we intend to keep listening."

For the full text of Matz's speech before the National Association of Federal Credit Unions, go to http://ncua.gov/News/Pages/SP20120726MatzNAFCU.aspx. For answers to questions about the Office of National Examinations and Supervision, visit http://ncua.gov/News/Press/NW20120726ONES-QA.pdf.

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter, and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 92 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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